

STATE OF ARIZONA

ARIZONA DEPARTMENT OF TRANSPORTATION

RESTRICTED DISTRIBUTOR INFORMATIONAL MANUAL FOR AVIATION FUEL LIQUID USE FUEL DYED DIESEL & MOTOR VEHICLE FUEL (FORM 140)

2003



ARIZONA DEPARTMENT OF TRANSPORTATION
Motor Vehicle Division, Motor Carrier & Tax Services Program

ARIZONA LICENSED RESTRICTED DISTRIBUTOR INFORMATIONAL

INCLUDING REPORTING FORM INSTRUCTIONS

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PART 1.

GENERAL INFORMATION

A. ARIZONA REVISED STATUTES:

The Arizona Revised Statutes, (A.R.S.) identify the Arizona laws and requirements for restricted distributor and supplier operations as well as reporting and taxing responsibilities in the State of Arizona, in Title 28, Chapter 16, Sections §28-5601 et seq., for Motor Fuel Taxes and §28-6001 plus A.R.S. Title 49, Chapter 6, Section §49-1001 et seq., for Underground Storage Tank Tax.

The A. R. S. defines the following regarding licensing to do business and collect the Arizona Fuel Tax:

A “Supplier”:

1. *Means a person who is registered pursuant to Section 4101 of the United States Internal Revenue Code for transactions in motor fuels in the bulk transfer terminal distribution system and who is one of the following:*
 - a. *The position holder in a terminal or refinery in this state.*
 - b. *A person who imports motor fuel into this state from a foreign country.*
 - c. *A person who acquires motor fuel from a terminal or refinery in this state from a position holder pursuant to a two-party exchange.*
 - d. *The position holder in a terminal or refinery outside this state with respect to motor fuel that that person imports into this state on the account of that person.*
2. *Includes a permissive supplier unless specifically provided otherwise. Supplier does not include a terminal operator merely because the terminal operator handles motor fuel consigned to the terminal operator within a terminal.*

A “Permissive Supplier” means an out-of-state supplier that elects, but is not required, to have a supplier's license pursuant to this article[article 1].

A person who acts as a distributor and who possesses motor fuel on which fuel taxes have not been accrued or collected by a supplier shall be licensed as a supplier.

“Restricted distributor” is a person who:

1. *Transports motor vehicle fuel (gasoline) for sale in another county from the county that was originally reported by the supplier,*
2. *Purchases or otherwise acquires motor vehicle fuel in tank car or cargo lots,*
3. *Sells the motor vehicle fuel for delivery in this state or export from this state and*
4. *Is not required by this article to be licensed as a supplier.*

B. RESTRICTED DISTRIBUTOR LICENSING REQUIREMENTS:

It is illegal to operate as a restricted distributor in the State of Arizona without a restricted distributor license.

A distributor moving motor vehicle fuel (gasoline) within this state shall be licensed as a restricted distributor. (A.R.S. §28-5625)

Any person acting as restricted distributor must be licensed by the State under the provisions of A.R.S. §28-5625.

A person wishing to engage in business as a restricted distributor within this state shall apply for an Arizona Restricted Distributor license from the Arizona Department of Transportation. An application must be filed with the Department and approved prior to an Arizona Restricted Distributor license being issued.

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A potential restricted distributor must submit the following:

1. **Application:** To procure an Arizona restricted distributor license, an application form must be requested and filed as prescribed by the director including but not limited to the following information:
 - a) Business name
 - b) Address of principal office or place of business in this state
 - c) Name and address of owner, partners, or principal officer, if a corporation.
2. **Fee:** There is no fee.

If you cease operations in Arizona, you must notify the Department in writing and return your restricted distributor license within 10 days.

1. TAXPAYER ASSISTANCE:

For taxpayer assistance regarding restricted distributor licenses or monthly restricted distributor reports, contact:

<u>Information regarding</u>	<u>Contact</u>
License Applications	Phone (602) 712-8727
Monthly Restricted Distributor Report processing	Phone (602) 712-8481 or -8498

D. TAX REPORTS:

Arizona licensed restricted distributors are required by the Arizona Revised Statutes to file complete monthly reports with the Arizona Department of Transportation on or before the twenty-seventh day of each month following the month of the restricted distributor's fuel sales activity. If the 27th day is a Saturday, Sunday or a State of Arizona approved holiday, the report must be filed no later than the next business day.

All restricted distributors are required to file Form 140
– Monthly Arizona Restricted Distributor Tax Report.

All supporting schedules must be included for each type of activity engaged in, in order for a report to be considered complete.

Reports must be filed even though there is no activity for the month. If there is no activity, write **NONE** on the applicable column on Schedule 1. Do not include supporting schedules when there is no activity.

E. PAYMENT/REFUNDS:

Payment: There is no payment requirement with the Restricted Distributor Report except for the sale of dyed diesel for use in qualifying school buses or city transit systems on the highways in this state. If a restricted distributor obtains clear diesel, use fuel (including bio-diesel) or motor vehicle fuel (gasoline) upon which the fuel tax has not been collected, the restricted distributor should contact the Department immediately.

Refunds: Arizona is a pay and refund state. Dyed diesel and qualified alternative fuels (Bio-diesel is not an alternative fuel) are the only fuels that are sold without the collection of tax. Refunds must be requested for exempt usage.

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F. NOTICE OF CHANGE:

Change in business status, discontinuance, sale, or transfer of business must be reported to the director in writing AT LEAST TEN DAYS PRIOR to the time the discontinuance, sale or transfer takes effect.

Arizona licensed restricted distributors are responsible for notifying the Arizona Department of Transportation of any changes in their operations or entity status effecting their license, reporting status, or records on file with the Arizona Department of Transportation. Such update of information includes the following:

- Change of name and/or address and/or business location.
- Change of legal status, ownership, officers, and/or directors.
- Tax Report Preparer/Contact Person

G. OTHER AGENCIES AND PRIVATE ORGANIZATIONS:

The Arizona Department of Transportation, in cooperation with other public agencies and fuel related private organizations, seeks to provide additional information for the benefit of the licensed restricted distributor and to improve the process of tax reporting and collecting the proper revenue due the State of Arizona. Other agencies that may provide information to an Arizona licensed restricted distributor include:

Public Organizations:

Arizona Corporation Commission	
Information	(602) 542-3076
Toll Free	(800) 345-5819
Arizona Department of Environmental Quality (ADEQ)	(602) 771-4837
Arizona Weights and Measures	(602) 255-5211
Internal Revenue Service (Federal Excise Tax)	(602) 207-8448
Office of the Navajo Tax Commission (ONTC)	(928) 871-6681
PO Box 1903	
Window Rock, AZ 86515	

Private Organizations:

Arizona Motor Transport Association	(602) 252-7559
Arizona Petroleum Marketers	(480) 460-9016

H. TAX EVASION:

The Arizona Department of Transportation has created a Fuel Tax Evasion Unit joining with other states and federal jurisdictions in an effort to combat fuel tax evasion and fraudulent tax reporting. Arizona is participating in federal and state tax compliance programs through association with Multi-state Task Forces, Federation of Tax Administrators (FTA), and the U.S. Department of Transportation, Federal Highway Administration (FHWA). If you have any information or questions relating to fuel tax compliance, fuel tax evasion, tax fraud, and fuel alteration, contact Arizona Department of Transportation, Motor Vehicle Division, Tax Evasion Unit at (602) 712-4313 or toll free at 1-877-AzFUELS (293-8357) or at www.AzFUELS.com. Any information received will be maintained as confidential information.

I. CONFIDENTIALITY:

Any exchange of information is within the confidentiality statutes. No taxpayer information is revealed that is not covered by Arizona Revised Statutes on confidentiality (A.R.S. §28-5935 & §28-5936).

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PART 2.

KEY REQUIREMENTS

A. TAX REPORTING:

All restricted distributors are required to file reports each month for Motor Vehicle Fuel. Reports must be filed even though there is no activity for the month. If there is no activity, write NONE on the face of Schedule 1.

All motor fuel activities are to be reported in the correct calendar month.

Tax on Motor Vehicle Fuel, Use Fuel and Aviation Fuel as well as the UST (Underground Storage Tank) Tax is collected at the time the fuel leaves the bulk transfer terminal system ("breaks bulk") or is imported into the state by truck, railroad car or other means. The tax is collected by the Arizona licensed "supplier" or "permissive supplier".

A "*supplier blanket election*" provides that a licensed supplier may elect, and a licensed permissive supplier shall, treat all removals from all of its terminals, both in state and out-of-state with an Arizona destination, as if the removals were across the rack from a terminal within this state. This election allows an out of state supplier to enter into an agreement with the State for the purpose of collecting the state tax on fuel that is distributed in or destined for Arizona.

Late Filing Fees, Penalty, and Interest: The following penalties and interest are assessed for late filing of reports and/or late payment of taxes:

1. A late filing fee of \$25.00 for each report.
2. Late payment penalty of 5% of the tax due for dyed diesel.
3. Interest of 1% per month on the tax due amount, based on the number of months or the portion of a month the tax has not been paid.

B. RECORD KEEPING:

Records Required: Each Arizona licensed restricted distributor of motor vehicle fuel is required to maintain, and keep records of all fuel received, acquired, used, sold and delivered within this state by the restricted distributor. Records must be maintained at least until the later of three years after a report is required to be filed or three years after the report is actually filed. These records shall include, but are not limited to, the amount of tax paid as part of the purchase price of the fuel, copies of monthly restricted distributor reports filed, invoices, bills of lading, ledgers, journals, financial statements, and other business and accounting records.

Examination of Records: A.R.S. §28-5620 provides that the director, or any deputy, employee or agent authorized by the director, may examine, during usual business hours, records, books, papers, storage tanks and any other equipment of a person to:

1. Verify the truth and accuracy of any statement, report, return or claim;
2. Ascertain whether the tax imposed has been collected and transmitted to the state;
3. Determine the validity of a refund.

The following business and accounting records are normally maintained in business operations and may be requested and reviewed during audit. This list is not meant to be all-inclusive. ADOT may use other information and records during an audit or other tax administrative action.

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BUSINESS RECORDS WHEN APPLICABLE

1. Copies of Corporate charter and current annual report filed with the Arizona Corporation Commission , Partnership agreements, Statement of Sole Proprietorship.
2. Listing of corporate officers and titles.
3. Listing of every d.b.a., and all closely related businesses and/or subsidiaries.
 - a) Purchase agreements for subsidiaries and related businesses.
 - b) Listing of officers of subsidiaries and related companies.
4. Listing of business locations.
5. Listing of company banks and bank account numbers.
6. Copies of Arizona Sales/Use Tax returns. copies of Federal and Arizona Income Tax returns.
7. Copies of UST reports filed with the Arizona Department of Environmental Quality (ADEQ).

ACCOUNTING RECORDS

1. Copies of monthly Restricted Distributor and UST tax reports and all work papers used in preparing monthly tax reports.
2. All books, records, and statements concerning the payment of the applicable taxes, acquisitions, dispositions, and inventories of fuel. This includes, but is not limited to:
 - a) General Ledgers.
 - b) Purchase and Sales Journals.
 - c) Financial statements.
 - d) Fuel inventory reconciliation.
 - e) Fuel purchase invoices and bills of lading.
 - f) Pump and/or rack tickets.
 - g) Delivery tickets for fuel acquisitions.
 - h) Refinery billings.
 - i) Customer sales invoices, bills of lading, dispatch sheets, shipping & delivery records.
 - j) Fuel customer bills.
 - k) Freight bills.
 - l) Monthly bank account statements including canceled checks, wire transfer documents, bank signatory authorization, etc.
3. Listing of fuel suppliers.
4. Listing of fuel customers including the customer delivery locations.
5. Copies of quarterly Federal Form 720 and related attachments.
6. Copies of the most current financial statements (Certified Financial Statement, when available).
7. Copies of related use fuel and motor vehicle fuel reports filed or required by other states.

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PART 3.

TAX REPORT

A. GENERAL REPORTING INSTRUCTIONS:

Read all instructions carefully. If you need assistance in completing the monthly report or supporting schedules, contact the offices as listed on page 2 under Taxpayer Assistance. The monthly restricted distributor tax reports are completed and filed under penalty of perjury that the information is true and correct to the best of your knowledge.

Monthly tax reports are required:

- a) To be completed in full, including applicable supporting schedules.
- b) To include your Arizona Restricted Distributor account number.
- c) To be signed and dated.
- d) To include any tax payment on dyed diesel sales for use in qualifying school or city transit buses on the road..
- e) To be filed as a zero report if no Arizona operations occurred in the report period. (supporting schedules are not required for a zero report).
- f) To report to the nearest whole cent. Rounding to the nearest dollar is **not** allowed.
- g) To submit schedules in numerical order.

Alternative Fuels are fuels that are specifically defined in ARS 1-215. These specifically identified fuels are not subject to tax or to reporting. **Bio-diesel is not recognized as an alternative fuel and is therefore subject to tax as a use fuel under Arizona Law.**

B. PRODUCT CODE LIST:

The product codes listed below are to be used on the various restricted distributor monthly report schedules.

The product codes represent a standardization of the Federal Tax Administration's (FTA) Motor Fuel Tax Section Uniformity Committee of the various fuel product types. This code system will establish uniformity in the fuel products as reported on various state's tax reports.

<u>Product Type</u>	<u>Code</u>	<u>Product Type</u>	<u>Code</u>
Alcohol	123	Liquid Natural Gas	225
Aviation Gasoline	125	Low Sulfur Diesel #1	161
Bio-diesel, undyed	284		
Blending Components	122	Low Sulfur Diesel #2	167
Compressed Natural gas	224	Low Sulfur Diesel - Dye Added	227
Ethanol	241	Methanol	243
Gasohol	124	No. 1 Fuel Oil	150
Gasoline	65	No. 1 Diesel - Dye Added	231
High Sulfur Diesel-Dye Added	226	Propane	54
Jet Fuel	130	Residual Fuel Oil	175
Kerosene	142		

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C. INSTRUCTIONS - ARIZONA RESTRICTED DISTRIBUTOR TAX REPORT FORM 140 - Schedule 1

IDENTIFYING INFORMATION: **Licensee Name, Account Number, and FEIN:** Enter the name and account number of the restricted distributor as shown on the restricted distributor's license. Enter Federal Employer Identification Number (FEIN).

CHANGE NOTICE: Check the appropriate box if this is an amended report, or if name and/or address of the licensee have changed. **If you have ceased operations and you are filing a final report, you must also notify the Department of Transportation in writing and return your restricted distributor's license.**

GENERAL INSTRUCTIONS: Monthly reports are to be postmarked on or before the twenty-seventh day of the calendar month following the calendar month covered by the report. If the 27th is a Saturday, Sunday or a State of Arizona approved holiday, the report must be postmarked on or before the next business day. Inactivity or failure to receive a reporting form does not relieve the supplier from filing. If no activity occurred, write NONE across the front. Complete this report monthly in every detail. Attach all needed supporting schedules.

Each report must cover a calendar month and must include all transactions for that calendar month. **Unreported transactions from the past reporting months must be reported by amending the prior reports. Do not include late transactions in the current tax report.**

Sub-schedules can be used under each schedule if additional information is needed. Sub-schedules must equal the total of the corresponding major schedule. Aviation, Motor Vehicle Fuel, and Liquid Use Fuel information should be reported separately, on supporting schedules as noted. Schedule information is then brought forward to Schedule 1.

Line by line instructions - Schedule 1:

- 1. Receipts : Acquired at an Arizona Rack -** Enter the Totals from Schedule 2A, fuel received at a pipeline or other terminal racks in Arizona.
- 2. Receipts: Tax Paid - by Truck/Rail -** Enter the Totals from Schedule 2B. Fuel acquired via truck or rail car upon which the tax **has been collected** by a supplier.
- 3. Receipts: Acquisitions for the Navajo Nation –** Enter the Totals from Schedule 2C. Only fuel that is going to remain on the Navajo Nation should be entered here. **No receipts for sale to other Indian Tribes are allowed to be shown on this line.**
- 4. Dispositions: Tax Paid Gallons -** Enter the Total from Schedule 5A. This line reflects those gallons sold by a restricted distributor. Do not include sales on the Navajo Nation Reservation on this line.
- 5. Dispositions: Navajo Nation Deliveries –** Enter the total from Schedule 5B. This line reflects gallons sold on the Navajo Nation Reservation that remains on the reservation. If Arizona tax was paid on these gallons, the restricted distributor should apply for refund to the Arizona Department of Transportation.
- 6. Dispositions: Non-Taxable Dyed Diesel -** Enter the Total from Schedule 6A. Proper documentation must accompany all dispositions of dyed diesel.
- 7. Dispositions: Taxable Dyed Diesel Gallons –** Enter the Total from Schedule 6B. This line should reflect the gallons sold to qualifying school buses and city transit buses that use dyed diesel on the road.
- 8. Taxable Gallons:** This line reflects tax owed on dyed diesel sales for gallons reported on line 7. Multiply the tax rate of \$.18 per gallon times gallons reported on line 7.
- 9. Credit From Prior Activity -** Subtract any credit balance from prior periods.
- 10. Net Tax Due -** Calculate Net Total Due (line 8 - 9).

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SCHEDULE 2 - SCHEDULE OF RECEIPTS

- A. TAX PAID FUEL ACQUIRED AT AN ARIZONA RACK**
- B. TAX PAID FUEL IMPORTED INTO ARIZONA**

GENERAL INSTRUCTIONS: The licensed restricted distributor must complete this schedule in detail for gallons received at a terminal rack, for gallons imported into this state by truck or rail car and for other applicable acquisitions. For pipeline transactions, the licensed supplier or permissive supplier is the Position Holder who is licensed under Section 4101 of the United States Internal Revenue Code. All shipments of fuel are to be reported in the month of the import (receipt).

Complete report on a "load by load" basis. List each acquisition of product on a separate line. Sort by the supplier name, product type, transportation mode, and receipt date. Each type of acquisition should be subtotaled by fuel type, aviation, motor vehicle and liquid use fuel. The applicable subtotal is then carried forward to the appropriate line on Schedule 2.

A separate Schedule 2 should be prepared for each applicable type of acquisition (A, B, or C).

COLUMN INSTRUCTIONS:

To comply with FTA uniformity guidelines, the Column numbers may not be in sequential order.

Column (1): Carrier Name - Enter the Name of the company that transported the product.

Column (3): Mode of Transport - Enter the mode of transportation. Use one of the following:

J = Truck R = Rail PL = Pipeline
BA = Book Adjustment (Reclassification of product type)

Column (4): Point of Origin/Destination - Enter the location from/to which the product was transported. When withdrawn from or delivered into a terminal, use uniform terminal codes. Obtain the uniform terminal code from the terminal operator. If unable to do so, enter the physical address of the terminal location.

Column (5) & (6): Acquired From/Seller's FEIN - Enter the name and FEIN of the company selling the product.

Column (7): Date Received - Enter the date the product was received.

Column (8): Document ID Number - Enter the identifying number from the document issued at the terminal when product is removed over the rack. (often referred to as the bill of lading).

Column (9): Invoiced Gallons - Enter gallons as billed on an invoice by a supplier. Enter the amount of gallons received and invoiced. Enter totals from this schedule to Schedule 1, line 1, or 2.

Column (12): Product Code - Enter the applicable Code from PART 3B.

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SCHEDULE 2 C - SCHEDULE OF RECEIPTS FOR MOTOR FUEL DELIVERED TO THE NAVAJO NATION RESERVATION

IDENTIFYING INFORMATION: **Licensee Name, AZ. Account Number, Office of the Navajo Tax Commission (ONTC) License Number and FEIN:** Enter the name and account number of the restricted distributor as shown on the restricted distributor's license. Enter the ONTC license number. Enter Federal Employer Identification Number (FEIN).

GENERAL INSTRUCTIONS: The restricted distributor must complete this schedule in detail for gallons imported into the Navajo Nation Reservation. All shipments of fuel are to be reported in the month of the receipt.

List each acquisition of product on a separate line and on a "load by load" basis, sorted by the Product type, supplier name, transportation mode, and receipt date. Each fuel type, aviation, motor vehicle, and liquid use fuel should be subtotaled. The applicable subtotal is then carried forward to the appropriate Column on Schedule 1, line 3.

COLUMN INSTRUCTIONS:

To comply with FTA uniformity guidelines, the Column numbers may not be in sequential order.

Column (1): Carrier Name - Enter the Name of the company that transported the product.

Column (3): Mode of Transport - Enter the mode of transportation. Use one of the following:

J = Truck R = Rail
BA = Book Adjustment (Reclassification of product type)

Column (4): Point of Origin/Destination - Enter the location the product was transported from/to. When withdrawn from or delivered into a terminal, use uniform terminal codes. Obtain the uniform terminal code from the terminal operator. If unable to do so, enter the physical address of the terminal location.

Column (5) & (6): Acquired From/Seller's FEIN - Enter the name and FEIN of the company from which the product was acquired.

Column (7): Date Received - Enter the date the product was received.

Column (8): Document ID Number - Enter the identifying number from the document issued at the terminal when product is removed over the rack. (often referred to as the bill of lading).

Column (9): Invoiced Gallons - Enter gallons as billed on an invoice by a supplier. Enter the amount of gallons received and invoiced. Enter totals from this schedule to Schedule 1, line 3.

Column (12): Product Code - Enter the applicable Code from PART 3B.

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SCHEDULE - 5 SCHEDULE OF FUEL DISPOSITIONS

A. TAX PAID GALLONS

B. NAVAJO NATION DELIVERIES

GENERAL INSTRUCTIONS: Sales or dispositions of fuel by a licensed restricted distributor must be reported on this schedule. Complete report on a "load by load" basis. List each sale of product on a separate line.

Sort by 1) product code, 2) county code, 3) purchaser name, and 4) date of sale. When a truckload has multiple delivery locations, the sales may be reported as "various" under Columns 4, 5 and 6. All other information on the load must be reported. Supporting documentation must be kept in detail for these transactions.

There are no provisions on the tax report form for the restricted distributor to report a tax credit for tax paid fuel exported from Arizona. The restricted distributor must file a refund claim with the Arizona Department of Transportation for refund of fuel tax paid on exports.

Each type of disposition should be subtotaled by fuel type: aviation, motor vehicle and liquid use fuel. The applicable subtotal is then carried forward to the appropriate line on Schedule 1.

A separate Schedule 5 should be prepared for each applicable type of disposition (A or B).

COLUMN INSTRUCTIONS

To comply with FTA uniformity guidelines, the column numbers are not necessarily in a sequential order.

Column (1): Carrier Information - Enter the Name of the company that transported the product.

Column (3): Mode of Transport - Enter the mode of transportation. Use one of the following:

J = Truck R = Rail

BA = Book Adjustment (Reclassification of product type)

Column (4): Point of Origin - Enter the location where fuel was loaded; or the city and state if shipment is a direct tax-paid delivery from an out-of-state facility. (Refinery. Storage, etc.) If the product was withdrawn from a terminal, enter the uniform terminal code. Obtain the uniform terminal code from the terminal operator. If unable to do so, enter the physical address of the terminal location.

Point of Destination - Enter the Arizona city where the shipment was delivered.

Column (5): Purchaser's Name - Enter the name of the Arizona licensed supplier, restricted distributor or other purchaser to whom product was sold.

Column (6): Purchaser's FEIN - Enter the FEIN of the purchaser.

Column (7): Date Removed - Enter the date the product was removed from bulk storage.

Column (8): Document ID Number - Enter the identifying number from the document issued at the terminal when product is removed over the rack. (often referred to as the bill of lading).

Column (9): County Code. Enter code for county of fuel destination. If fuel is sold to a supplier, a restricted distributor or for export, enter appropriate codes. See Schedule 7 explanation.

Column (10): Invoiced Gallons - Enter the net amount of gallons removed from bulk storage. Enter total gallons from this schedule to Schedule 1, line 4 or 5.

Column (11): Product Code - Enter the applicable Code from PART 3B.

Column (12): Exempt/Export Sale. This column is to be used for UST related reporting and for export reporting. If the purchaser has a UST tax exemption certificate, enter the number here. If the product is being exported to another state, enter the two-digit state mail code.

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SCHEDULE 6A – NON-TAXABLE DYED DIESEL DISPOSITIONS

SCHEDULE 6B – TAXABLE DYED DIESEL GALLONS

GENERAL INSTRUCTIONS: Sales or dispositions of dyed diesel fuel by a licensed restricted distributor must be reported on this schedule. Complete report on a "load by load" basis. Sort by purchaser name, date of sale. When a truckload has multiple delivery locations, the sales may be reported as "various" under Columns 4, 5 and 6. All other information on the load must be reported. Supporting documentation must be kept in detail for these transactions.

COLUMN INSTRUCTIONS

To comply with FTA uniformity guidelines, the column numbers are not necessarily in a sequential order.

Column (1): Carrier Information - Enter the Name of the company that transported the product.

Column (3): Mode of Transport - Enter the mode of transportation. Use one of the following:

J = Truck R = Rail

BA = Book Adjustment (Reclassification of product type)

Column (4): Point of Origin - Enter the location where fuel was loaded; or the city and state if shipment is a direct tax-paid delivery from an out-of-state facility. (Refinery. Storage, etc.) If the product was withdrawn from a terminal, enter the uniform terminal code. Obtain the uniform terminal code from the terminal operator. If unable to do so, enter the physical address of the terminal location.

Point of Destination - Enter the Arizona city where the shipment was delivered.

Column (5): Purchaser's Name - Enter the name of the Arizona licensed supplier or other purchaser to whom product was sold.

Column (6): Purchaser's FEIN - Enter the FEIN of the purchaser.

Column (7): Date Removed - Enter the date the product was removed from bulk storage.

Column (8): Document ID Number - Enter the identifying number from the document issued at the terminal when product is removed over the rack. (often referred to as the bill of lading).

Column (9): Invoiced Gallons – Enter non-taxable dyed diesel gallons on Schedule 1, line 6.
Enter taxable dyed diesel gallons on Schedule 1, line 7.

Column (10): Exempt/Export Sale. This column is to be used for UST related reporting and for export reporting. If the purchaser has a UST tax exemption certificate, enter the number here. If the product is being exported to another state, enter the two-digit state mail code. If the shipment is to the Navajo Nation enter NN.

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SCHEDULE - 7 SCHEDULE OF MOTOR VEHICLE FUEL SALES BY COUNTY

GENERAL INSTRUCTIONS: Report gasoline (Motor Vehicle Fuel) delivered to Arizona retailers and consumers by county on this schedule.

Motor Vehicle Fuel taxes are distributed to the various cities and counties in Arizona in the proportion that the sale or use of fuel in each county bears to the total sales or use of fuel throughout the state. Report all sales or dispositions on this schedule. Report sales to Retailers or end consumers by county. Report sales to Other Restricted Distributors, Suppliers or sales for export in total by category.

Schedule #7 is a supporting schedule for tax reporting. Sales by county are required for distribution of appropriate tax revenues to the individual cities and counties.

REPORT your sales in an Arizona county utilizing the DELIVERY ADDRESS. DO NOT use mailing address or the billing address of your customer for determining county allocation.

HURF (Highway User Revenue Fund) depends on the accuracy of Schedule 7 information to make the correct distributions of revenues.

General guidelines for the Arizona restricted distributor to use in reporting Motor Vehicle Fuel on the county distribution Schedule #7.

- The Arizona restricted distributor is to report on Schedule #7 all Motor Vehicle Fuel (gasoline) delivered to all customers as reported on Schedule 5A. **Deliveries to the Navajo Nation Reservation will not be reported on Schedule 7.** These gallons are included on the report filed with ADOT by the Office of the Navajo Tax Commission.
- Report all Motor Vehicle Fuel (gasoline) gallons to the destination county based on the customers delivery address.
- Do not use the mailing or billing address of your customer for determining county allocations.
- Motor vehicle fuel (gasoline) distributed to the vendor/retail level is the only fuel to be reported on the county distribution Schedule #7. Do not include gallons for other fuels such as aviation gas, diesel fuel, or dyed diesel.
- Gallons by county should be all sales of Motor Vehicle Fuel (gasoline) to retailers and end consumers. Sales to suppliers, sales for export, and sales to restricted distributors are reported by category but not by county.

Reporting sales to the correct Arizona county: It is of utmost importance that gasoline sales be reported in the correct county.

Report in the correct month: The restricted distributor should report the Motor Vehicle Fuel in the month the distribution actually takes place.

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Schedule 7 Form Instructions - Continued

Movement of fuel

- A. If a restricted distributor is delivering Motor Vehicle Fuel to a vendor / retail outlet or end consumer:
1. The restricted distributor shall report the gallons of fuel on Schedule #5A as distribution.
 2. The restricted distributor shall also report the gallons of fuel on Schedule #7, to the county or counties for which the vendor / retail outlet is physically located.
- B. If a restricted distributor is selling Motor Vehicle Fuel to another restricted distributor or supplier and the fuel is going to be place in bulk storage for potential re-distribution:
1. The **selling** restricted distributor shall report the fuel as a distribution on Schedule 5A. Do not report the destination of the fuel on the county distribution. Report on Line 97 or 98.
 2. The **receiving** restricted distributor or supplier shall report the receipt of these gallons as tax paid receipts on the appropriate schedule as a receipt of tax paid fuel. When the Motor Vehicle Fuel is transferred to the vendor / retailer or end consumer, the receiving restricted distributor/supplier shall then report as tax paid distributions. For these gallons transferred to the vendor / retail level or end consumer, the restricted distributor/supplier shall report on the county distributions Schedule #7, the gallons and county where distributed.

COLUMN INSTRUCTIONS:

Column (1): County Code - Select appropriate county where the fuel was delivered. Counties are listed alphabetically and numbered 1 through 15. For codes 97, 98 and 99 show gallons by category, not by county.

Column (2): County Name

Column (3): Gallons Delivered - Enter net gallons sold within corresponding county selected in column (1). Enter Gallons from Schedule 5A. Do not enter Navajo Nation gallons from Schedule 5B.

Lines 97, 98 and 99: Enter subtotals for each category as reported on Schedule 5A. Total from Schedule 5A should correspond to amounts reported on Line 4 of Schedule 1.

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SCHEDULE - 10 PHYSICAL INVENTORY - ALL FUEL TYPES

GENERAL INSTRUCTIONS: Arizona licensed restricted distributors who have Arizona storage must prepare and maintain a monthly written inventory reconciliation. Acquisitions and dispositions are to be recorded at **temperature corrected** net gallons. Inventory at each location must be recorded **by fuel type**. Physical inventories shall be taken of all fuel on hand at the close of the last business day of each calendar month, and must be reconciled with book inventories. The inventory reconciliation will be supported by the following information:

1. By product, the number and size of tanks.
2. Stick reading by tank and product.
3. Number of gallons by tank and product.
4. Date and time of taking of the physical inventory.
5. Accounting period cut off for disposition and acquisitions.
6. Conversion chart for tank volumes.

Physical inventory measurements may vary from book inventory. These differences should be minor in nature. When gains and losses exceed those associated with temperature corrections, the book and physical inventory should be reconciled in a more detailed manner. Losses would tend to indicate unrecorded sales and/or unrecorded withdrawals from the storage facilities. Gains would tend to indicate unrecorded acquisitions and/or unrecorded deposits into the storage facilities.

All efforts must be made to identify gains and losses. Credit for losses can be obtained if documents are provided to show that the inventory loss was a non-taxable activity. Report any losses of tax paid fuel due to either contamination, storage tank accidents (fire, theft, etc.) or other accident by submitting a refund request separate from the tax report. The refund request must include documentation supporting the fuel loss, and documentation in the form of invoices supporting the tax payment for the number of gallons of fuel for which the refund is claimed.

Each type of activity should be subtotaled by fuel type: aviation, motor vehicle and liquid use fuel

All of the following information must be completed on Schedule 10. However, totals will not be carried forward to Schedule 1.

COLUMN INSTRUCTIONS

- Column (1): Beginning Inventory** - Enter beginning of the month physical inventory.
- Column (2): Acquisitions** - Enter net gallons acquired during the month.
- Column (6): Total Dispositions** - Enter net gallons sold, transferred and/or exchanged.
- Column (7): Book Inventory** - Enter the sum of columns 1 through 5, minus column 6.
- Column (8): Ending physical inventory** - Enter end of the month amount of actual product on hand. Attach explanation for any gains or losses in inventory balances between book inventory and physical inventory.

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PART 4

GLOSSARY OF TERMS

ACCOUNTABLE PRODUCT	Any product which is subject to the reporting requirements of the State of Arizona regardless of its intended usage or taxability.
ADDITIVES	A chemical added to petroleum products to enhance certain characteristics or to give them other desirable properties (i.e., adding tetraethyl lead to gasoline to improve its anti-knocking quality).
ADMINISTRATIVE HEARING	Proceeding giving a taxpayer due process regarding an action taken by the Arizona Department of Transportation.
AVIATION FUEL	Flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating an internal combustion engine for use in an aircraft but does not include fuel for jet or turbine powered aircraft.
BARREL	Equivalent of 42 U.S. gallons used as bulk petroleum measurements.
BLENDING	The mixing of one or more products, regardless of the original character of the product blended, if the product obtained by the blending is capable of use or otherwise sold for use in the generation of power for the propulsion of a motor vehicle, aircraft or watercraft. Does not include blending that occurs in the process of refining by the original refiner of crude petroleum or the blending of products known as lubricating oil and greases.
BREAKING BULK	The point where the fuel leaves the bulk transfer terminal system at the rack and is subsequently transported via truck or rail.
BULK PLANT	A fuel storage and distribution facility that is not a terminal and from which fuel may be removed at a rack.
BULK TRANSFER	Any transfer of fuel from one location to another by pipeline tender or marine delivery within the bulk transfer terminal system.
BULK TRANSFER TERMINAL SYSTEM	Fuel distribution system consisting of refineries, pipelines, vessels and terminals. Fuel in a refinery, pipeline, marine vessel or terminal is in the bulk transfer terminal system.
CREDIT	A prepayment or overpayment of tax due.
DESTINATION STATE	The state, territory, foreign country or sovereign nation to which any reportable motor fuel is directed for delivery into any storage facility, receptacle, container, or any type of transportation equipment, for purpose of resale or use.
DIESEL MOTOR FUEL	Any liquid fuel capable of use in discrete form or as a blend component in the operation of engines of the diesel type in motor vehicle, including number 1 and number 2 fuel oils except that K-1 kerosene shall not be considered to be diesel motor fuel unless blended with diesel for use in motor vehicle with a diesel type of engine.
DISTRIBUTOR	A person who acquires fuel from a supplier or another distributor for subsequent sale or use and who may blend, import into or export from this state but excludes a person who imports fuel in the fuel tank of a motor vehicle or aircraft.
DYED DIESEL FUEL	Diesel fuel that is required to be dyed pursuant to U.S. EPA regulations or that is dyed pursuant to U.S. Internal Revenue Service regulations or pursuant to any requirements subsequently set by the U.S. EPA or U.S. Internal Revenue Service including any invisible marker requirements.

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ETHANOL	Alcohol, one component of gasohol.
EXPORT	Motor fuel delivered from a point within Arizona to a point out-of-Arizona by or for the seller constitutes an export by the seller. Motor fuel delivered from a point within Arizona to a point out-of-Arizona by or for the purchaser constitutes an export by the purchaser.
FUEL TANK	Any receptacle on a motor vehicle from which fuel is supplied for the propulsion of the vehicle, exclusive of a cargo tank. A fuel tank includes a separate compartment of a cargo tank used as a fuel tank, and any auxiliary tank or receptacle of any kind from which fuel is supplied for the propulsion of the vehicle, whether or not directly connected to the fuel supply line of the vehicle.
GASOLINE	All products that are commonly or commercially known or sold as gasoline and defined as motor vehicle fuel.
GASOLINE BLEND STOCKS	All other types of petroleum products, derivatives, or additives such that when they are mixed or blended, they produce a product commonly known as motor vehicle fuel, regardless of their original classification or use (i.e. finished gasoline may be a blend of straight run gasoline, reformat, cracked gasoline, alkylate, butane etc.).
GALLON (U.S.)	Unit of liquid volume equal to 231 cu. in., equal to 0.83268 times the Imperial gallon.
GASOHOL	A motor vehicle fuel of 90 percent gasoline and 10 percent alcohol.
IFTA	The International Fuel Tax Agreement, under which the fuel tax license and fuel tax reporting, is accomplished through a carrier's base state.
IMPORT	Motor fuel delivered to a point within Arizona from out-of-Arizona by or for the seller constitutes an import by the seller. Motor fuel delivered to a point within Arizona from out-of-Arizona by or for the purchaser constitutes import by the purchaser.
INVOICED GALLONS	Gallons actually billed on an invoice in payment to a supplier.
JET FUEL	Kerosene type fuels or blends of gasoline, distillate, and residual oils which are used as fuels for gas turbine powered aircraft.
JURISDICTION	A state of the United States, the District of Columbia, or a province of or territory of Canada.
KEROSENE	A refined petroleum distillate suitable in properties for use as an illuminate when burned in a wick lamp. Synonymous terms are lamp oil, burning oil, illuminating oil, and range oil when product is used in a space heater.
MOTOR CARRIER FEE	Annual fee paid for each motor vehicle registered in Arizona ranging from a declared weight of 12,001 pounds to 80,000 pounds.
MOTOR FUEL	Includes motor vehicle fuel, use fuel and aviation fuel.

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MOTOR VEHICLE FUEL	Includes all products commonly or commercially known or sold as gasoline, including casing head gasoline, natural gasoline, and all flammable liquids, other than kerosene used as aircraft fuel, composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion engines. "Motor Vehicle Fuel" does not include transmix. Does not include "Use Fuel" as defined in Section §28-5601, A.R.S.; e.g.; diesel fuel, liquefied petroleum gas, stove oil, etc.
NEGATIVE INVENTORY	An event caused by the overdrawal of product by a Position Holder from a community storage facility.
NET/GROSS GALLONS	Refers to fuel volume measurements. Net basis gallons are determined based on the temperature adjusted to 60 degrees Fahrenheit. Gross basis gallons are derived without consideration of any temperature adjustment.
PERMISSIVE SUPPLIER	An out-of-state supplier that elects, but is not required, to obtain a supplier's license pursuant to Arizona Revised Statutes. The term supplier includes permissive supplier unless specifically stated otherwise.
PIPELINE	A fuel distribution system that moves product, in bulk, through a pipe, either from a refinery to a terminal, or from a terminal to another terminal.
POINT OF DELIVERY	The physical address of delivery, This includes but is not limited to customer name, street, city, state and zip code, to which reportable motor vehicle fuel and liquid use fuel is dispensed into any, storage facility, receptacle, container, or any type of transportation equipment.
POSITION HOLDER	The person who holds the inventory position in fuel in a terminal as reflected on the records of the terminal operator.
POSTMARK	The mark affixed by the U.S. or Canadian Postal Service indicating the date and location mail was processed.
PROPANE	A heavy gaseous hydrocarbon of the paraffin series which occurs naturally in petroleum and natural gas.
QUALIFIED TERMINAL	A terminal that is designated as a qualified terminal pursuant to the U.S. Internal Revenue Code, regulation and practices and that has been assigned a terminal control number by the U.S. Internal Revenue Service.
RACK	A mechanism for delivering fuel from a refinery, a terminal or a bulk plant into a railroad tank car, transport truck or other means of transfer outside the bulk transfer terminal system.
REFINER	Any person who owns, operates or otherwise controls a refinery with the U.S.
REFINERY	A facility that is used to produce fuel from crude oil, unfinished oils, natural gas liquids, transmix or other hydrocarbons or by blending and from which fuel may be removed by pipeline, by marine vessel or at a rack.
REFUND	Returning a credit or overpayment of taxes by check to a taxpayer.
SELL	Includes a transfer of title or possession, exchange or barter in any manner or by any means.

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SUPPLIER	A person who 1) is registered under section 4101 of the Internal Revenue Code for transactions in fuel in the bulk transfer terminal distribution system and is also either a position holder; importer into this state from a foreign country; a recipient of fuel due to a Two Party Exchange or position holder outside Arizona that imports into Arizona for its own account. Or 2) is a distributor who acquires fuel on which taxes have not been accrued or collected by a supplier or permissive supplier.
TAX DUE GALLONS	Gallons of fuel upon which the tax has not been collected and remitted by another supplier and which is therefore subject to payment of the tax with the submitted report.
TAX PAID GALLONS	Gallons received into or distributed from inventory upon which the tax has previously been collected and/or remitted to the state.
TEMPERATURE CORRECTED GALLON	Volumetric Gallon as defined herein, adjusted to the measurement of a gallon at 60 degrees Fahrenheit.
TERMINAL	A storage & distribution facility for fuel, which is supplied by pipeline or marine vessel, & is registered as a qualified terminal by the U.S. Internal Revenue Service, & from which fuel may be removed at a rack.
TERMINAL OPERATOR	Any person who owns, operates or otherwise controls a terminal and who does not use a substantial portion of the fuel that is transferred through or stored in the terminal for the person's own use or consumption or in the manufacture of products other than motor vehicle, aviation or use fuel. A terminal operator may own the fuel that is transferred through or stored in the terminal.
TRANSMIX	The buffer or interface between two different products in a pipeline shipment, or a mix of two different products within a refinery or terminal that results in an off-grade mixture. Transmix is not a taxable item unless blended to create other types of taxable fuels.
TRANSPORTS	Large fuel delivery trucks, generally holding 8,000 or more gallons, used for delivery of gasoline, diesel fuels and other petroleum products to commercial accounts, dealers, wholesalers and bulk end users.
USE FUEL	Primarily means diesel fuel but includes all liquid fuels, other than gasoline that are used or suitable for use to propel motor vehicles, including bio-diesel. .
USE FUELS \$.02 TAX CREDIT	A 2¢ credit (Effective 1/1/98) for use fuel purchased in AZ and consumed outside of AZ.
USE FUEL TAX	An excise tax on use fuel consumed on Arizona highways. For light class vehicles, the tax rate is eighteen cents per gallon. For use class vehicles, the rate is twenty-six cents per gallon.
VOLUMETRIC GALLON	The United States gallon of 231 cubic inches as measured by volume according to the standards of measurement, without adjustment for temperature correction to 60 degrees Fahrenheit.